

Members

Sen. Steve Johnson, Chairperson
Sen. Mark Blade
Rep. Susan Crosby
Rep. Gloria Goeglein
Robert Bonner
David Giles
Galen Goode
Gloria Kardee
Jerri Lerch
Janet Marich
Stephen Spindler
Judith Tilton



INDIANA COMMISSION ON MENTAL HEALTH

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Authority: P.L. 37-1998

MEETING MINUTES¹

Meeting Date: October 9, 2001
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington St.,
Room 233
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Sen. Steve Johnson, Chairperson; Sen. Mark Blade; Rep. Gloria Goeglein; Galen Goode; Amelia Cook Lurvey.

Members Absent: Rep. Susan Crosby; Robert Bonner; David Giles; Gloria Kardee; Jerri Lerch; Janet Marich; Stephen Spindler; Judith Tilton.

Senator Steve Johnson called the Indiana Commission on Mental Health (Commission) meeting to order at 10:15 P.M. Senator Johnson opened the meeting with a review of the agenda and the intent of the Commission's review activity. The chairperson further reviewed the economic condition of the state as a whole and the anticipated impact on the biennial budget. Senator Johnson stated that the state funding deficit could result in a \$2 billion shortfall and that all state agencies would feel a budgetary impact from a such a sizeable deficit. The chairperson began to receive testimony.

Janet Corson, Director, Division of Mental Health and Addiction

Ms. Corson reviewed the scope of the Division of Mental Health and Addiction (Division) services and emphasized that in addition to mental illness, the Division provides services for substance abuse and gambling addiction. Ms. Corson reviewed the areas affected by the final budget within the Division. The Division received an annual increase of \$2.5M for services for children with Serious Emotional Disorders (SED), a biennial increase of \$10M for Adults with Serious Mental Illness (SMI) and a biennial decrease of \$8.3M for the state-operated hospitals. The offset of decreased funds for the hospitals and increased funds for adults with SED was

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

intended to allow for the development of community-based services to the extent possible.

Ms. Corson stated that in the first pass of identifying FY 2002 budgeted funds to be reserved from expenditure directed by the administration, the Division cut a total of \$5.9M from the budgets. \$1M of the identified cut was from the new funding for children's services since these funds had not been committed or obligated for expenditure. The remaining funds were cut from administrative budgets with the intent of leaving the funding for direct services to consumers intact. Ms. Corson stated that the Division was not required to identify further budgetary cuts in the administration's second request to the Family and Social Services Administration (FSSA) to identify more funding cuts.

Ms. Corson stated that \$3M of the \$10M new dollars budgeted for SMI adults has been committed to Community Mental Health Centers to move approximately 142 patients from state-operated hospitals to community placements by June 30, 2002. These placements are estimated to cost \$30,000 - \$32,000 each annually. The Division has also committed funds for a technical assistance unit for Assertive Community Treatment (ACT). Discussion followed on ACT and the problems encountered by providers that have attempted to implement intensive services and staffing required for the seriously mentally ill. Ms. Corson stated that the main problem with maintaining ACT is the lack of stable ongoing funding for the intensive treatment teams, which results in watered down programs. The Division is developing program standards and investigating the possibility of obtaining Medicaid payments for components of ACT treatment such as case management. The Center for Medicare and Medicaid Services (CMS) is encouraging this initiative.

Commission members questioned Ms. Corson about the implications for Madison State Hospital of the closure of Muscatatuck State Developmental Center. Discussion followed regarding the Regional Center concept and its implementation in southeastern Indiana. Further discussion followed about the need to systemically address the needs of dually diagnosed clients, forensic patients and the sexual predator population.

Ms. Corson reported the the main improvement in the Hoosier Assurance Plan within the last year was the full implementation of the Community Service Data System. The new system has resulted in a faster enrollment process and more timely payment for providers. Ms. Corson further stated that the formula used to allocate funds to the geographical regions of the state is being reviewed. A new allocation formula is being discussed in conjunction with an actuarial study in order to establish new rates to be effective July 1, 2002, for the following four years. An advisory committee is reviewing this rate structure proposal.

Steve McCaffrey, President, Mental Health Association

Mr. McCaffrey reviewed information distributed to the Commission (See Exhibit 1) concerning mental health legislation that was passed in the 2001 session. Mr. McCaffrey stated that \$6 M included in the budget for addiction services would probably be subject to reversion since the appropriation was for additional new spending and was not included in the correct line item. Mr. McCaffrey also indicated that the cuts in funding already identified by Ms. Corson for services to Seriously Emotionally Disturbed (SED) children would impact on the implementation of the five Dawn Project replication pilots that were approved in SEA 538-2001. Mr. McCaffrey suggested that with the passage of substance abuse parity for state employees, the Commission might want to continue this policy direction by recommending that substance abuse treatment parity be expanded to the total state population.

SEA 471-2001, which prohibited limitations for mental health medications, was vetoed by the Governor. With the veto, the Governor directed the Office of Medicaid Policy and Planning to work with the Mental Health Association on the development of acceptable rule language. Mr.

McCaffrey identified four issues that needed to be resolved: 1) The term “mental health” drug needs to be defined. 2) Medicaid is willing to limit prior authorizations required for mental health drug prescriptions, the Mental Health Association would like mental health drugs to be exempted from any Medicaid formulary. 3) Risk-based managed care contractors and their formularies vary by region. Mental health drugs need statewide protections within the managed care contracts. 4) Medicaid wants the ability to limit the quantities of drugs dispensed per prescription and the number of refills allowed as a cost-saving measure. Commission discussion followed on managed care and prescription issues. Mr. McCaffrey commented that he would like to have the language for a compromise rule available for the Commissions’ review at the next meeting to allow the Commission to consider recommending the language be put into statute.

Jim Jones, Executive Director, Indiana Council of Community Mental Health Centers

Mr. Jones remarked that Ms. Corson had already covered many mental health system issues and complimented the Division for making the provision of services to consumers the highest priority. The problems the Community Mental Health Centers have with the Division involve the Division’s ongoing focus of moving current state facility patients to community-based services while seeming to disregard the needs of clients already in community placements and individuals that have never been in state-operated facilities.

Mr. Jones commented that funding for any normal price increases for both the care of patients in ongoing community placements and the mental health centers has been neglected and that inflationary pressures are affecting the treatment that the centers are able to provide. Mr. Jones cited such examples as: statewide employee health premiums have risen \$6 M in the last year, professional liability insurance costs have increased over \$1 M, the centers are unable to provide pay raises for employees, and since the funding for Hoosier Assurance is insufficient, services are “watered down” to avoid turning patients away. Mr. Jones further stated that the reporting requirements for the Division’s Community Service Data System are burdensome and increase the incentive for the Centers to under-report the severity of patients’ conditions in order to decrease staff time on bureaucratic paperwork. Mr. Jones estimated that the data collection requirements add \$1.5 M in cost to the system. No new funds were provided to pay for the data collection.

Committee discussion followed regarding the reported lack of funding and the limitation of data collection to only those items that add value. The committee members expressed concern with the problem of inflation for ongoing community placements. Low-cost housing, transportation, and sufficient staffing are routine problems facing the community placement programs. Senator Johnson observed that the success of the Community Placement Program contributes to this problem. Community placement dilutes the severely mentally ill population among the community as a whole and reduces the visibility of the problems of the mentally ill population.

Mr. Jones expressed concern that low-cost housing that is already difficult to access, will become impossible to obtain for clients when reassessment of property taxes is implemented for rental properties. Mr. Jones speculated that rental units might cap out the maximum rental rates they can charge and be unable to cover their total costs due to increased property taxes. Any loss of low-cost housing would be a problem for many public programs. Mr. Jones stated that the Hoosier Assurance Program continues to pay \$4,600 per person for the first group of patients placed in community settings. This level of payment does not even cover the cost of housing much less food or treatment costs. Mr. Jones commented that the state cannot continue to keep moving people to the community without being responsible for caring for them.

Ms. Amy Cook Lurvey observed that due to effective therapies, some individuals would transition off the community placement program and become independent. Mr. Jones agreed

with that observation but added that additional individuals that have never been placed in a state facility need community placements and that some individuals will never transition to independence. Mr. Jones concluded by commenting that any activity or requirement that contributes to cost without adding value should be diverted to direct services.

Senator Johnson stated that reassessment will be an ongoing problem, and the funding situation will only get worse. Senator Johnson further stated that maintaining the funding level that currently exists will be difficult.

Senator Johnson adjourned the meeting at 12:30 p.m.